



Idaho Public Utilities Commission

P.O. Box 83720, Boise, ID 83720-0074

C.L. Butch Otter, Governor

Paul Kjellander, Commissioner
Mack A. Redford, Commissioner
Marsha H. Smith, Commissioner

Case No. IPC-E-14-19, Order No. 33119 and Case No. IPC-E-14-20, Order No. 33118

Contact: Gene Fadness (208) 334-0339, 890-2712

www.puc.idaho.gov

Idaho Power submits applications for sales agreements with solar projects

BOISE (Sept. 9, 2014) – The Idaho Public Utilities Commission is taking comments through Oct. 31 on two Idaho Power Company applications asking the commission to accept or reject energy sales agreements with two large solar projects.

One proposed project, Grand View PV Solar Two LLC, would be built 20 miles southwest of Mountain Home. The projected online date for the 80-megawatt project is July 1, 2016. The project is expected to include about 340,480 polysilicon photovoltaic panels. The developer is Robert Paul of Boise.

The applicant for the second project is Boise City Solar LLC. The proposed 40-MW project would be built southeast of Kuna on Sand Creek Road with a proposed online date of Jan. 16, 2016. The developer is Mark van Gulik of Boise-based Sunergy World. Sunergy will lease the land on which the project would be built from the City of Boise. If the sales agreement is approved, Sunergy will be paid by Idaho Power for the project's output, while the city will receive lease payments as well as half of the revenue received from the sale of Renewable Energy Certificates (green tags) associated with the project. Idaho Power will also receive 50 percent of REC proceeds.

The proposed projects are the first of their type since the Idaho commission adopted an updated pricing method for intermittent projects (like solar and wind) that fall under the provisions of PURPA, or the federal Public Utility Regulatory Policies Act. PURPA requires regulated utilities to buy energy from independent, renewable generation projects at rates established by state commissions. The rate to be paid small-power producers is called an "avoided-cost rate," because it is based on the cost the utility avoids by not having to generate the energy itself or buy it from another source. The commission must ensure the avoided-cost rate is reasonable for utility customers because 100

percent of the price utilities pay to qualifying small-power producers is included in customer rates.

Grand View Solar

The agreement with Grand View Solar proposes that Idaho Power pay the developer a non-levelized rate over the 20-year term of the agreement, which means payments increase over the course of the agreement and vary according to light-load and heavy-load hours of the day and seasons of the year. Payments would vary from as low as \$31 per megawatt-hour for light-load hours during the early months of the agreement to as high as \$159 per MWh for heavy-load hours during the latter years of the agreement. If the payments were levelized over the 20-year term of the agreement, payments would be about \$73.41 per MWh.

The proposed agreement also contains a solar integration charge which the developer pays Idaho Power to cover the cost of integrating the solar energy into Idaho Power's transmission and distribution system. The negotiated charge starts at 99 cents per MWh in the first year of the agreement and escalates to \$1.84 per MWh in 2036.

Idaho Power claims the 20-year contractual obligation based on estimated generation levels is about \$310.23 million.

Revenue from the sales of Renewable Energy Certificates associated with the project will be split 50-50 between the developer and Idaho Power.

Boise City Solar

The agreement with Boise City Solar LLC also proposes non-levelized payments over 20 years. Payments would vary from as low as \$44 per megawatt-hour for light-load hours during the early months of the agreement to as high as \$113 per MWh for heavy-load hours during the latter years of the agreement. If the payments were levelized over the 20-year term of the agreement, they would be about \$72.15 per MWh.

The negotiated solar integration charge starts at \$1.34 per MWh in the first year of the agreement and escalates to \$3.11 per MWh in 2036.

Idaho Power claims the 20-year contractual obligation based on estimated generation levels is about \$161.46 million.

If either the Grand View Solar Two or Boise City Solar projects fail to meet their generation estimates, they would receive a reduced price below a specified threshold. If there are consistent and significant deviations from generation estimates, the projects could be considered by Idaho Power to be in breach of their agreements.

The commission plans to process these applications under a modified procedure that uses written comments rather than conducting a hearing, unless customer comments can demonstrate a need for a public hearing.

Comments are accepted via e-mail through Oct. 31, 2014, by accessing the commission's homepage at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Electric" heading. Fill in the case number (IPC-E-14-19 for Grand View Solar Two and IPC-E-14-20 for Boise City Solar) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

The commission's orders, along with other documents related to these cases, are available on the commission's Web site. Click on "Open Cases" under the "Electric" heading and scroll down to the above case numbers.

###